Enron-like target on which to unload its collective frustration about the financial meltdown. While public outrage is understandable, pandering to it jeopardizes the administration's credentials in a sloppy attempt to score populist points. This raises the political risk for all investors in the U.S. (both domestic and foreign) significantly.

The financial-sector rescue necessitates unpopular actions that will only be politically worth it if the administration actually solves the crisis. Until recently, the Obama administration had taken pragmatic is slow actions that it deemed necessary to fend off disaster, as opposed to pursuing an ideological agenda in how it implements the bailout.

But this week, under pressure to show a strong hand and positive results, the administration latched onto the AIG bonus flap as an angle for curring populist favor. When it became clear that the bonuses were going to be big news, President Obama led the anti-AIG charge with instructions to ''pursue every legal avenue'' to get the money back. Never mind that the administration was responsible for the TARP provision that (sensibly, from a legal standpoint) exempted preexisting legal agreements from the bill's limits on compensation. Mr. Obama now says he'd like to create a new ''resolution authority'' to deal with ''contracts that may be inappropriate.'' Meanwhile, Congress seems poised to undo the bonuses through special taxes—a move that in other circumstances would clearly be labeled retroactive and unfair.

It was not long ago that Mr. Obama assailed the Bush administration for its dangerous expansion of executive power during a complex crisis. The Obama administration's antics around the AIG bonuses suggest a similar effort to use political power to contort the law. But rather than doing so for reasons of national security, this administration is doing so to pander to an angry public. When the Obama administration and Congress flex this kind of muscle, they attach a new political-risk component to all contracts negotiated in the shadow of the bailout.

That risk may scare potential investors away from bailout recipients because they cannot trust our government's will in the face of public outrage. It destroys our moral high ground the next time Mr. Obama wants to criticize a foreign country for ignoring the rule of law by nationalizing private assets or repudiating international debt. It will certainly make Mr. Obama's task much more difficult when he tries to sell the public on his administration's ability to manage the rest of the bailout, and when he tries to sell private firms on the public-private partnership that will be needed to make the recovery work.

The administration could have let Congress have its week of grandstanding over bonuses, while issuing a public statement acknowledging the bonuses as deplorable, but not important enough to detract from the real work that lies ahead. The tragedy here is the extraordinary amount of time that is being wasted on this issue when the Treasury Department remains understaffed, a detailed toxic-asset plan remains perpetually forthcoming, and the economy continues to shed jobs.

It's predictable that the administration and Congress would rather abuse an easy target over something every voter can get mad about than actually confront the hard issues of managing the financial crisis, including progress on the ''stress test'' of banks and the restoration of normal credit operations, establishing genuine oversight of the use of bailout funds, and coordinating international efforts on global economic stimulus and changes to financial-industry regulations. That type of governing is far more troublesome, as it involves making difficult decisions on complex topics and communicating unpopular news to constituents.

This is a hallmark moment for the administration. Congressional anger over AIG's bonuses foreshadows the battle looming if and when the administration asks for more financial-sector rescue funds. The administration may rightly sense that failing to join hands with Congress and the public in outrage over the bonuses would complicate release of those funds. But Mr. Obama does not need to show solidarity by diminishing confidence in the rule of law. That bit of populism will cost the president far more in future credibility than he stands to gain in present popularity.

Mr. KYL. Mr. President, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BROWN. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

HONORING GALLAUDET UNIVERSITY

Mr. BROWN. Mr. President, on July 4, 1861, President Lincoln celebrated our Nation's 85th year of independence by declaring to Congress:

> The principal aim of the U.S. Government should be to elevate the condition of men—to lift artificial weights from all shoulders—to clear the paths of laudable pursuit for all—to afford all, an unfettered start, and a fair chance in the race of life.

Just a few months prior to enunciating the aim of his Government, President Lincoln signed into Federal law the authorization to confer collegiate degrees to the deaf and the hard of hearing in a campus in Washington, DC, not far from here. For the first time in our Nation's history, and still to this day, Gallaudet University is the only liberal arts university in the world dedicated to pursuit of access to higher education for deaf and hard of hearing students.

Mr. President, 2009 marks the bicentennial, as we know, of President Lincoln's birth. All around our Nation, parents and children, students and teachers are reconnecting the history of Lincoln's life to our world today.

Mr. President, 2009 also marks the 145th anniversary of Gallaudet University's charter, signed by Abraham Lincoln himself. As our country struggles through economic calamity and armed conflict overseas, let us mark the significance of these events by honoring the principal aim that President Lincoln and thousands of Gallaudet students have embarked upon: That every American has an unfettered start and fair chance at the American dream, that it be free of prejudice and ignorance and, instead, full of opportunity and access.

Today, Gallaudet annually enrolls more than 1,600 undergraduate and graduate students who take courses in more than 40 majors. Today, more than 15,000 Gallaudet alumni are leaders in their fields and in their communities, sprinkled all over the United States of America.

Serving on the board of trustees of Gallaudet is one of the great honors of my life. My mother, an English teacher, put such a premium on education. Education has anchored my life as a child in Mansfield, OH, and now as a Senator representing Ohio in Washington. I am reminded each day of this country's rich history, the tapestry of America's diversity—of our language, of our families, of our communities. The tapestry of America's diversity teaches us that wisdom and goodness persist in each of us, despite efforts to marginalize and discriminate by a few of us.

One hundred and forty years ago, the four members of Gallaudet's first graduating class—four people—received degrees signed by President Ulysses S. Grant. To this day, the tradition continues. Every graduate of Gallaudet is conferred a degree signed by the sitting President of the United States. This simple act by a President—President Obama will continue that tradition this year—confers to the students the faith in this country's capacity to elevate the condition of each of us.

I congratulate the students and the faculty, the alumni and the supporters of Gallaudet for teaching all of us the meaning of the values President Lincoln laid before us—that we educate ourselves as part of a community that, full of opportunity and free, as President Lincoln said, free of artificial weight, we educate ourselves as part of a community that works toward the good of our society.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. KLOBUCHAR. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Ms. KLOBUCHAR. I ask to speak for 10 minutes as in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

HEALTH CARE REFORM

Ms. KLOBUCHAR. Mr. President, today I am here to talk about health care reform. I would mention, first, that I was just with DEBBIE WASSERMAN SCHULTZ, the Congresswoman who last year battled with breast cancer and today was there, healthy, to introduce a bill. I am proud to be the Senate sponsor, to focus on increasing awareness among younger women about the risks of breast cancer.

But we are here today to talk about something else and that is how to bring costs down in health care. As we look at how to expand health care, as we look at how to improve the quality of health care, there must be work done to contain the costs. I believe, based on what I have seen in my State, you can actually reduce costs and improve quality.

A few weeks ago, President Obama convened a health care summit to bring together industry leaders, providers, and advocacy groups to discuss our opportunity to move forward with serious health care reform. That reform should begin with the Medicare system. Medicare is one of the most valued social welfare programs our country has produced in the last half century. Yet it is also a program in dire need of reform if it is to survive on sound financial footing and continue to provide the fine medical care our seniors have come to expect from it.

Change is needed now. By 2011, the first baby boomers will enter the Medicare system and by 2016 the number of Medicare beneficiaries will increase by almost 5 percent.

This past winter, I convened a health forum in Minnesota to discuss the various challenges affecting the Medicare system. The message is clear: without action, costs will continue to rise and waste will proliferate.

Medicare is the single largest purchaser of health care and its policies directly affect nearly every health care provider. Medicare's payment system, coding, quality reporting, and recordkeeping are the industry standard. Spending for the Medicare Program is projected to increase 114 percent in the next 10 years. Twenty percent of Medicare beneficiaries suffer from one of five chronic diseases. Medicare spends 66 percent of its annual budget to treat this group. Two-thirds of Medicare spending only helps one-fifth of Medicare beneficiaries. If we are going to sustain Medicare as a healthy, high-quality program Americans deserve, we must do something to address these challenges. In short, we need to reform Medicare so it addresses efficient, high-quality care.

As it happens, doctors and hospitals in many regions of the country, including my State of Minnesota, practice exactly this kind of high-quality, low-cost medicine and they should be rewarded for it. But Medicare does not reward them. Instead, it punishes them. In fact, at the health summit last week, President Obama actually asked the gathered group, ''Why should we punish Minnesota because other States are less efficient?''

The problem is, despite periodic efforts at reform, Medicare pays for quantity, not quality. More tests and more surgeries mean more money, even if the extra tests and operations do nothing to improve a patient's condition. States that have historically delivered excessive procedures are still rewarded for the wasteful practices of the past, while efficient States, such as Minnesota, are punished.

If you look at this chart, you will see that the areas in dark blue are the ones that receive the lion's share of Medicare payments. The light blue area States, such as Minnesota, Montana, Iowa—I see Maine is looking good, as I see the Senator from Maine across the way—but a number of States, you can see, are in areas where Medicare spending is low but quality of care is high. It is as if there were a huge transfusion that basically takes taxpayer money from one region, one area of the country, and puts it in another.

It is not to say people are not sick in other parts of the country—they do deserve that help—but looking at the limited resources, we have to figure out what is working and how come areas of the country that tend to have the lowest health care costs also have the highest quality health care?

It is not what you would think. You would think: Well, the highest cost must have the highest quality. That tends to happen sometimes, in clothing and other things. That is not what is going on in this country right now. Regions with more specialists and more hospital beds tend to provide more services and get more of the money.

According to the Dartmouth Institute for Health Policy and Clinical Practice, high-cost regions in Medicare boast 32 percent more hospital beds, 31 percent more doctors, and 66 percent more medical specialists. In other words, supply is driving demand. The result is that Medicare pays much more in some parts of the country than it does in others for medical care that is no better.

Medicare's own report shows that quality of care is higher in many of these low-cost States. In fact, Medicare spends more in places such as Florida and New Jersey than it spends in States such as Minnesota and Oregon. Let me give you one example:

In Miami, FL, Medicare spent roughly $15,000 per patient per year in the year 2005. In Minneapolis, a Medicare patient received about $7,000 worth of care that year. To put it another way, Medicare will spend $50,000 more on a 65-year-old patient in Miami over the course of his or her lifetime than on a comparable patient in Minneapolis. Now, $50,000, that is a lot of money.

At $2.4 trillion per year, health care spending represents close to 17 percent of the American economy, and it will exceed 20 percent by 2018 if the current trends continue. If you look at this internationally, you can see the United States spends far more than any other nation, without getting better care. We can and we must do better. A number of models are out there to provide direction for the future. The Mayo Clinic, based in my home State of Minnesota, is renowned for the effective care it provides at a reasonable cost. Now, think about this. There was a Dartmouth study that came out. It showed this: If the rest of the hospitals in the country used the same kind of high quality, with very high quality efficiency ratings from families, and high efficiency care as the Mayo Clinic now does, in the last 4 years of a patient's life, the country—the taxpayers of this country—would save $50 billion over 5 years. That is $50 billion over 5 years by simply following the protocol of having a more organized, efficient delivery system with one primary doctor, with experts who work together, without duplicate tests.

That is $50 billion every 4 years by following a set protocol with some of the highest quality ratings in the country. The Congressional Budget Office has also studied the problem and found the potential for huge savings. This chart reflects that Medicare spending would fall by 29 percent if spending in medium- and high-spending regions were the same as that in low-spending regions. That is the CBO.

So how do we change the Medicare system in a way that will reduce these disparities and reward our doctors for doing what is right? Real reform will start when the system starts paying for quality. Here are the three priorities I plan to start working on immediately. First, we need to enhance Medicare incentives that reward quality care. For many illnesses and conditions, the medical profession has widely accepted practice guidelines that result in better health care outcomes, such as when to give aspirin to heart patients, and how often to perform cancer screening, but they are not always followed. A recent RAND Corporation study found that adults received recommended care only 55 percent of the time. Medicare needs to reward doctors and hospitals for doing the right thing and achieving improvement in care. These quality guidelines can be the basis for Medicare payments to providers.

Second, we need to rethink the Medicare payment system. Right now, Medicare pays for tests, visits, and other procedures one by one, giving providers an incentive to order more and more services. We need to have better coordination of care, and less incentive to bill Medicare purely by volume. Increasing the bundling of services in Medicare's payment system has the potential to deliver savings and start rewarding value and not volume.

Third, we need to address the shortage of the number of primary care physicians who are currently practicing across our country. Today, effective primary care is severely undervalued in our health care system. Yet, research suggests that improving access to primary care and reducing reliance on speciality care can improve the efficiency and the quality of health care delivery. To accommodate the needs of an aging population, we need to promote primary care and transition away from our specialty-intensive health care workforce.

The health care system we have now needs major improvement. That means transforming the system to pay doctors for the quality of care they provide and to turn the current disconnected, reactive health care system into one that is integrated and concentrates on delivering the best care for patients.

Again, I want to stress this, when we talk about saving costs, when we look at these studies, those States that are most efficient, those areas that are more efficient, have high quality care.

I leave you with this figure: The Mayo Clinic, in the last 4 years of a patient's life, if those protocols were followed across the country, we would save $50 billion every 5 years in taxpayer money. That is an independent study, $50 billion.

I know we can do better. At the same time as we reduce the cost, we can improve the quality of care that our Nation's seniors deserve. Working together, we can give them the system they deserve.

I yield the floor.

The PRESIDING OFFICER (Mrs. HAGAN.) The Senator from Maine is recognized.

Ms. COLLINS. Madam President, I ask unanimous consent that I be permitted to proceed for 15 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Ms. COLLINS pertaining to the introduction of S. 664 are printed in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

The PRESIDING OFFICER. The Senator from South Dakota.

THE BUDGET

Mr. THUNE. Madam President, this next week we will be taking up the budget for fiscal year 2010. Anyone who previously had not been concerned about that debate and what it means for the country and its future probably should be concerned, based upon the most recent CBO report that came out on Friday of last week. It was sobering. It reinforces the point that we have been making about the outline we have seen of the President's budget; that is, this budget spends too much, taxes too much, and borrows too much.

We have spoken extensively about the new spending in the budget. We have talked at great length as well about some of the new taxes in the budget and how it will drive up taxes on small businesses, the largest job creator in the economy, the economic engine that creates two-thirds of the jobs in our economy.

We also want to talk about the fact that it borrows too much. The CBO report punctuates that point. I couldn't have put it more clearly than what they came out with last week, which suggests the initial estimates about the President's budget outline, which we received earlier, were dramatically understated and, in fact, it is going to add significantly more to the deficit than what we initially anticipated. In fact, in fiscal year 2009, which is the year in which we find ourselves right now, the CBO has revised its deficit estimate to where it is going to go over $1.8 trillion for fiscal year 2009, which represents 13.1 percent—13.1 percent—of our gross domestic product, which dwarfs anything we have seen at any time in history.

So as we enter this debate next week, I think it really is important for all of us in this Chamber to take a good look at this analysis and to try to digest it and, hopefully, for the American people to be able to take a good look at what these numbers mean as well. It is sometimes difficult to even put it into terms people can understand. When I think about $1 trillion, it is a staggering amount of money. We are throwing around numbers in trillions and trillions and trillions today in the abstract. When you try to put it in terms that everyday Americans can understand, it is almost daunting to try to accomplish that.

So when this new report came out, I think many of us found it even more sobering than what we already knew was going to be a very difficult economic and fiscal climate for the next several years. In fact, the President's budget outline that had been analyzed up to this point suggested the debt was going to double in 5 years and triple in 10 years. That is still the case.

If you can believe this, the publicly held debt, in 2019, is going to be $17.3 trillion under the CBO's new estimate. It is about $5.8 trillion today. It literally does, in a 5-year period, double the debt and in a 10-year period triples the debt. It takes the publicly held debt, as a percentage of gross domestic product, from where it is today—a historical average of about, if you look back, 20, 30, 40 percent, but let's say today we are looking at 40 percent, and that is a very high number relative to anything we have seen in history—it takes it up to over 80 percent by the end of that period. So you are looking at public debt and public deficits that are unparalleled and are unprecedented in American history. I think that is the whole point behind the argument we have made throughout the last several weeks in the lead-up to this budget discussion we are going to have next week: This budget spends too much, taxes too much, and borrows too much.

The taxing component is something many of my colleagues have spoken to already. But if you look at, again, the overall tax increases—which many are imposed. And they talk about that it just applies to high-income taxpayers. But you are talking about small businesses, many of which file or organize as subchapter S's or LLCs. So the income they get from their small business flows to their individual income tax statement, which means when these rates go up—and they are going to go up—the effective rates, to 40 and 42 percent, when today those same businesses would be paying 33 or 35 percent, they will be significant increases in the tax burden we are imposing. That is not to mention the new climate change initiative which is also contemplated in the President's budget, which imposes an entirely new energy tax on the American people, on the American consumers, creating all kinds of new costs for energy, whether it is electricity or fuels. There have been studies that have been done, very credible studies by researchers at MIT, that have suggested it is going to cost the average family in this country over 3,000 additional dollars per year in energy costs by the year 2015.

These are some pretty daunting numbers. But they come on the heels of a stimulus bill that was passed a few weeks back that was about $800 billion. When you add interest in it, it was about $1.2 trillion. That was a huge amount of money. When we try to put that in perspective relative to anytime in our Nation's history, it eclipsed anything we had seen previously. Then we had the Omnibus appropriations bill, which increased spending over the previous year by twice the rate of inflation—about 8.3 percent. Then you add the continuing resolution that was passed last year, which funded Government programs last year through March 6 of this year because that was a stopgap appropriations measure that was put in place because the appropriations bills had not been passed last year. Then we had the stimulus bill, which was, as I said, with interest, $1 trillion. Then we had the Omnibus appropriations bill, and with that a twice-the-rate-of-inflation increase. You add all those numbers together, and we have increased the size of Government this year by 49 percent—49 percent—from fiscal year 2008. I think that points to the fact, again, as to the amount of spending we are doing. It adds up because a lot of that, as I said before, is borrowed money, and it is contributing to these deficit numbers the CBO had just released.

So it would be my hope—and I know others are on the floor who are going to speak to this issue a little bit more in detail. I know the Budget Committee has analyzed the new CBO report. We are awaiting the markup of the budget this week in the Senate. We suspect it is probably going to follow somewhat closely the President's outline, his proposal, although my guess is there will be some differences. But if you take the overall trajectory it creates, it creates a trajectory over the next 10 years that calls for an average deficit—this is the average over the 10-year period—of almost $1 trillion. It is $929 billion, according to the Congressional Budget Office. That is the average.

This year, it is $1.8 trillion. Next year, it is $1.4 trillion. It drops down to $670 or $650 billion, I think, for 1 year. But then it starts spiking and trending back up again, to where, over the course of the 10-year window—the budget analysis and planning that is